

**Asian Association of Utah**

**Year Ended June 30, 2005**

**Financial Statements**

**And**

**Independent Auditor's Report**

**With Supplementary Information**

**And**

**Compliance Reports**

**SHAW & CO., P.C.**

Certified Public Accountants & Business Advisors

# **Asian Association of Utah**

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# SHAW & CO., P.C.

Certified Public Accountants & Business Advisors

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Asian Association of Utah  
Salt Lake City, UT

We have audited the accompanying statement of financial position of Asian Association of Utah (a nonprofit organization) as of June 30, 2005, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's June 30, 2004 financial statements and, in our report dated November 8, 2004, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Asian Association of Utah as of June 30, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2005 on our consideration of Asian Association of Utah's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Asian Association of Utah taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Shaw & Co., P.C.

Bountiful, Utah  
December 18, 2005

**Asian Association of Utah**  
**Statement of Financial Position**  
**June 30, 2005**  
**With Comparative Totals For June 30, 2004**

	<u>6/30/2005</u>	<u>6/30/2004</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 396,051	\$ 111,225
Accounts and grants receivable	423,923	570,318
Prepaid expenses	<u>4,875</u>	<u>10,585</u>
Total current assets	<u>824,849</u>	<u>692,128</u>
Fixed assets, at cost		
Leasehold improvements	205,069	152,323
Vehicles	99,629	134,197
Equipment and furniture	<u>35,643</u>	<u>-</u>
Total fixed assets	<u>340,341</u>	<u>286,520</u>
Less accumulated depreciation	<u>(157,601)</u>	<u>(135,747)</u>
Net fixed assets	<u>182,740</u>	<u>150,773</u>
Total assets	<u>\$ 1,007,589</u>	<u>\$ 842,901</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 37,718	\$ 35,104
Accrued vacation	78,932	61,506
Accrued payroll and payroll taxes	40,590	58,526
Other accrued liabilities	<u>21,463</u>	<u>6,223</u>
Total current liabilities	<u>178,703</u>	<u>161,359</u>
Net assets		
Unrestricted	828,886	681,542
Temporarily restricted	-	-
Permanently restricted	<u>-</u>	<u>-</u>
Total net assets	<u>828,886</u>	<u>681,542</u>
Total liabilities and net assets	<u>\$ 1,007,589</u>	<u>\$ 842,901</u>

See accompanying notes to financial statements.

# Asian Association of Utah

## Statement of Activities

Year Ended June 30, 2005

With Comparative Totals For The Year Ended June 30, 2004

	6/30/2005			6/30/2005	6/30/2004
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<b>REVENUES AND SUPPORT</b>					
TAG & TANF grant revenue	\$ 674,371	\$ -	\$ -	\$ 674,371	\$ 609,690
Federal grant - TCE/HIV	666,200	-	-	666,200	431,483
CARE grant	215,000	-	-	215,000	255,980
Federal grant - Hope	170,932	-	-	170,932	-
Department of Workforce Services	134,079	-	-	134,079	37,662
Tobacco Prevention	111,263	-	-	111,263	128,346
Salt Lake County A&D Treatment	104,025	-	-	104,025	105,361
Utah State Office of Education	78,355	-	-	78,355	106,008
Fee for service revenue	58,095	-	-	58,095	55,631
United Way	30,329	-	-	30,329	38,549
Salt Lake County - Parking Lot	25,000	-	-	25,000	-
Cultural Awareness	9,525	-	-	9,525	18,671
Molina	15,200	-	-	15,200	-
United Way - ACCESS	10,300	-	-	10,300	-
World Refugee Day	7,922	-	-	7,922	-
Donations	6,377	-	-	6,377	-
Medicaid	4,704	-	-	4,704	-
Emergency Food grants	3,750	-	-	3,750	11,050
National Library of Medicine	2,173	-	-	2,173	11,452
Other revenue	1,556	-	-	1,556	-
Intake Fees	1,250	-	-	1,250	-
Interest	669	-	-	669	840
Refugee Set Aside grant	-	-	-	-	46,033
Salt Lake City Mayor's Grant	-	-	-	-	12,918
Tobacco mini grant	-	-	-	-	5,000
	<u>2,331,075</u>	<u>-</u>	<u>-</u>	<u>2,331,075</u>	<u>1,874,674</u>
<b>EXPENSES</b>					
Program services	1,900,076	-	-	1,900,076	1,575,663
Management and general	117,301	-	-	117,301	132,952
Fundraising	166,354	-	-	166,354	108,780
	<u>2,183,731</u>	<u>-</u>	<u>-</u>	<u>2,183,731</u>	<u>1,817,395</u>
Change in net assets	147,344	-	-	147,344	57,279
Net assets, beginning of year	<u>681,542</u>	<u>-</u>	<u>-</u>	<u>681,542</u>	<u>624,263</u>
Net assets, end of year	<u>\$ 828,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 828,886</u>	<u>\$ 681,542</u>

See accompanying notes to financial statements.

**Asian Association of Utah**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2005**  
**With Comparative Totals For The Year Ended June 30, 2004**

	6/30/2005				6/30/2004
	Program Services	Management and General	Fundraising	6/30/2005 Total	6/30/2004 Total
Salaries	\$ 1,039,321	\$ 65,932	\$ 93,503	\$ 1,198,756	\$ 920,439
Payroll taxes	96,336	6,111	8,667	111,114	80,673
Employee benefits	137,386	8,715	12,360	158,461	161,819
 Total salaries and related expenses	 1,273,043	 80,758	 114,530	 1,468,331	 1,162,931
Client services	163,726	10,386	14,730	188,842	147,720
Rent	67,004	4,251	6,028	77,283	78,989
Retirement	65,413	4,150	5,885	75,448	98,550
Contracted services	63,916	4,055	5,750	73,721	65,196
Supplies	52,041	3,301	4,682	60,024	81,335
Subgrantee expenses	51,000	-	-	51,000	-
Repairs and maintenance	34,463	2,186	3,100	39,749	30,628
Equipment and software	17,998	1,142	1,619	20,759	10,261
Insurance	16,997	1,078	1,529	19,604	14,455
Utilities	11,719	743	1,054	13,516	12,501
Telephone	11,671	740	1,050	13,461	15,881
Travel	11,538	732	1,038	13,308	54,825
Workshops and training	9,387	596	845	10,828	4,615
Property taxes	8,742	555	787	10,084	7,808
Miscellaneous	6,336	402	570	7,308	1,246
Meetings	5,445	345	490	6,280	(35)
Advertising	4,962	315	446	5,723	2,705
Printing	3,418	217	308	3,943	2,335
Postage	2,310	147	208	2,665	500
 Total expenses before depreciation	 1,881,129	 116,099	 164,649	 2,161,877	 1,792,446
Depreciation	18,947	1,202	1,705	21,854	24,949
 Total expenses	 <u>\$ 1,900,076</u>	 <u>\$ 117,301</u>	 <u>\$ 166,354</u>	 <u>\$ 2,183,731</u>	 <u>\$ 1,817,395</u>

See accompanying notes to financial statements.

**Asian Association of Utah**  
**Statement of Cash Flows**  
**Year Ended June 30, 2005**  
**With Comparative Totals For The Year Ended June 30, 2004**

	<u>6/30/2005</u>	<u>6/30/2004</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 147,344	\$ 57,279
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	21,854	24,949
Changes in current assets and liabilities:		
Accounts receivable	146,395	(344,247)
Prepaid expenses	5,709	(4,165)
Accounts payable	2,614	17,353
Accrued vacation	17,426	19,916
Accrued payroll and payroll taxes	(17,936)	16,810
Other accrued liabilities	15,241	7,002
Net cash provided by (used in) operating activities	<u>338,647</u>	<u>(205,103)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	<u>(53,821)</u>	<u>(24,267)</u>
Net cash (used in) investing activities	<u>(53,821)</u>	<u>(24,267)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
Net change in cash	284,826	(229,370)
Cash and cash equivalents, beginning of year	<u>111,225</u>	<u>340,595</u>
Cash and cash equivalents, end of year	<u>\$ 396,051</u>	<u>\$ 111,225</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -

See accompanying notes to financial statements.

**Asian Association of Utah**  
**Notes to Financial Statements**  
**June 30, 2005**

**1. ORGANIZATION AND BASIS OF PRESENTATION**

Asian Association of Utah (the "Organization") was incorporated under the laws of the State of Utah as a nonprofit corporation on September 2, 1977. The Organization's mission is to advocate equality for Utah's Asian Americans in areas of immigration, employment, housing, social adjustment, education and all other social and economic concerns of the community. The direct services provided by the Organization strive to assist Asians to achieve community integration while retaining cultural identities.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Organization have been prepared on the accrual basis. The Organization follows the provisions of Statements of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations" and SFAS No. 116, "Accounting for Contributions Received and Contributions Made."

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Estimates in the Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Classes of Net Assets

Revenues and gains are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- a. Unrestricted net assets represent the portion of net assets not subject to donor restrictions.
- b. Temporarily restricted net assets arise from contributions that are restricted by the donor for specific purposes or time periods.
- c. Permanently restricted net assets arise from contributions that are restricted by the donor in perpetuity.

All contributions are considered available for unrestricted use, unless specifically restricted by the donors. All expenses are reported as changes in unrestricted net assets.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Allowance for Doubtful Accounts

An allowance for doubtful accounts has not been established because management believes that all receivables are fully collectible.

## Notes (continued)

### Fixed Assets

Fixed assets are recorded at acquisition cost, or if donated, at the fair market value at the date donated. The Organization capitalizes additions that exceed \$1,000. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the respective assets, which range from five to twenty years. Depreciation expense for the year ended June 30, 2005 was \$21,854.

### Contributions

Unconditional promises to give are recognized as revenue when the underlying promises are received by the Organization. Gifts of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

### Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended June 30, 2005.

### Government Funding

Funding from all government sources is considered to be unrestricted as long as it's expended under contract guidelines and is expended in the period for which it is contracted.

### Concentrations of Credit Risks

The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. At June 30, 2005, \$275,675 of the total cash balance was uninsured. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

The Organization receives a substantial portion of its revenue from government contracts and grants. Any decreases in government funding would have an impact on the future operations of the Organization.

### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### Fair Value of Financial Instruments

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at June 30, 2005, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

### Reclassifications

Certain items from June 30, 2004 have been reclassified to conform to the June 30, 2005 presentation.

Notes (continued)

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2005:

SAMHSA	\$ 169,187
Utah State Treasurers Office	133,080
Salt Lake County	112,290
Medicaid	4,704
Office of Outreach and Special Populations	2,173
Miscellaneous accounts receivable	<u>2,489</u>
	<u>\$ 423,923</u>

4. LEASE OF FACILITY

The Organization leases its facility under an operating lease from the Utah Asian Community Foundation (an affiliated organization). The term of the lease is for ten years, which began in April 1, 1997, and requires monthly lease payments of \$5,834. As part of the lease agreement the Organization is required to pay the Foundation for major improvements and renovations.

Beginning January 1, 2000, the Organization also leased a parking facility from the affiliated organization above for \$590 per month. This lease runs concurrent with the building lease above and expires March 31, 2007.

The following is a schedule of future minimum lease payments that the Organization is obligated to pay:

<u>Year Ended June 30,</u>	<u>Building</u>	<u>Parking Lot</u>	<u>Total</u>
2006	\$ 70,008	\$ 7,080	\$ 77,088
2007	<u>52,506</u>	<u>5,310</u>	<u>57,816</u>
Total	<u>\$ 122,514</u>	<u>\$ 12,390</u>	<u>\$ 134,904</u>

Rent expense for the year ended June 30, 2005 was \$77,283.

5. RETIREMENT PLAN

The Organization has adopted a tax-sheltered annuity which provides for a salaried deferral arrangement for participating employees. The Organization uses a contribution rate equivalent to that used by the State of Utah Retirement System. The tax-sheltered annuity permits an employee to defer an amount out of his or her salary on an individual basis. Separate accounts are maintained for each participating employee. The total retirement plan expense was \$75,448 for the year ended June 30, 2005.

6. PRIOR YEAR INFORMATION

The financial statements for the year ended June 30, 2004 are presented for comparative purposes only. The notes presented herein contain information regarding June 30, 2005. Please refer to the June 30, 2004 audited financial statements for information regarding the notes for that year.

**SUPPLEMENTARY INFORMATION**  
**AND**  
**COMPLIANCE REPORTS**

**Asian Association of Utah**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2005**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Agency or Pass-through Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
Direct Programs			
TCE/HIV grant	TI14384	93.243	\$ 534,867
Hope grant	90ZT0045	93.604	159,198
Passed through Utah Department of Health			
Refugee Health Services	362877	93.566	37,854
Passed through Salt Lake County			
Drug Abuse Prevention (CARE)	AL1211C	93.959	91,023
Drug Abuse Treatment (APLE)	AL1235C	93.959	33,721
Refugee Resource Center (TAG)	BJ3313C	93.584	609,758
Temporary Aid to Needy Families	BJ3313C	93.558	109,538
Passed through Utah Department of Workforce Services			
CURE	041945	93.566	77,128
Total U.S. Department of Health and Human Services			<u>1,653,087</u>
<b><u>U.S. Department of Education</u></b>			
Passed through Salt Lake County			
Safe and Drug Free Schools (CARE)	AL1211C	84.186	100,000
Passed through Utah State Office of Education			
Civics and Adult Education	-	84.002A	74,641
Total U.S. Department of Education			<u>174,641</u>
<b><u>U.S. Department of Homeland Security</u></b>			
Emergency Food & Shelter Program	-	97.024	2,921
Total U.S. Department of Homeland Security			<u>2,921</u>
Total Expenditures of Federal Awards			<u>\$ 1,830,649</u>

**Note 1 - Basis of Accounting**

The supplementary schedule of expenditures of federal awards is prepared on the accrual basis of accounting. Grant expenditures are recognized as funds are spent or accrued. The information in this schedule is prepared in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**Note 2 - Pass-Through Awards**

The Organization receives certain federal financial assistance from pass-through awards. The total federal financial assistance from pass-through awards is noted above.

**Asian Association of Utah**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Summary of Auditors' Results**

1. We issued an unqualified opinion in our report on the financial statements of Asian Association of Utah for the year ended June 30, 2005.
2. The results of our audit tests disclosed no instances of noncompliance which were considered material to the financial statements.
3. We issued an unqualified opinion in our report on compliance for major programs for the year ended June 30, 2005.
4. The results of our audit disclosed no audit findings which we are required to report.
5. The major program of Asian Association of Utah for the year ended June 30, 2005 is as follows:

i. TCE/HIV grant	CFDA Number	93.243
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6. The dollar threshold used to distinguish between Type A and Type B programs was \$500,000.
7. Asian Association of Utah did not qualify as a low-risk auditee.

**Findings Related To The Financial Statements**

None

**Findings and Questioned Costs for Federal Awards**

None

**Findings of Prior Audit - Year Ended June 30, 2004**

There were no findings reported for the year ended June 30, 2004. Therefore, there are no outstanding resolution matters relating to major federal programs.

# SHAW & CO., P.C.

Certified Public Accountants & Business Advisors

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors  
Asian Association of Utah  
Salt Lake City, UT

We have audited the financial statements of Asian Association of Utah (a nonprofit organization) as of and for the year ended June 30, 2005, and have issued our report thereon dated December 18, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Asian Association of Utah's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Asian Association of Utah's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Shaw & Co., P.C.

Bountiful, Utah  
December 18, 2005

# SHAW & CO., P.C.

Certified Public Accountants & Business Advisors

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Board of Directors  
Asian Association of Utah  
Salt Lake City, UT

### Compliance

We have audited the compliance of Asian Association of Utah (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. Asian Association of Utah's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Asian Association of Utah's management. Our responsibility is to express an opinion of Asian Association of Utah's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Asian Association of Utah's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Asian Association of Utah's compliance with those requirements.

In our opinion, Asian Association of Utah complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

### Internal Control Over Compliance

The management of Asian Association of Utah is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Asian Association of Utah's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Shaw & Co., P.C.*

Bountiful, Utah  
December 18, 2005